

g) "officer of a company" means any person as defined in clause (30) of section 2 of the Companies Act, 1956 (1 of 1956) including an auditor of the company; h) "person is deemed to be a connected person", if such person-(i). is a company under the same management or group, or any subsidiary company thereof within the meaning of subsection (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956), or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), as the case may be; or (ii). is an official or a member of a stock exchange or of a clearing house of that stock exchange, or a dealer in securities within the meaning of clause (c) of section 2, and section 17 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), respectively, or any employee of such member or dealer of a stock-exchange; (iii). is a merchant banker, share transfer agent, registrar of an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub-broker, Investment Company or an employee thereof, or, is a member of the Board of Trustees of a mutual fund or a member of the Board of Directors of the Asset Management Company of a mutual fund or is an employee thereof who has a fiduciary relationship with the company; (iv). is a Member of the Board of Directors, or an employee, of a public financial institution as defined in section 4A of the Companies Act, 1956; (v). is an official or an employee of Self-regulatory Organisation recognized or authorized by the Board of a regulatory body; (vi). is a relative of any of the aforementioned persons; or (vii). is a banker of the company i) "relative" means a person, as defined in section 6 of the Companies Act, 1956 (1 of 1956);

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Policy guideline for preventions of
INSIDER TRADING

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j) "stock exchange" means a stock exchange which is recognized by the Central Government under section 4 of Securities Contracts (Regulation) Act, 1956 (42 of 1956); k) "unpublished price sensitive information" means any information which relates to the following matters or is of concern, directly or indirectly, to a company, and is not generally known or published by such company for general information, but which is published or known, is likely to materially affect the price of securities of that company in the market –

- (i). financial results (both half-yearly and annual) of the company;
- (ii). intended declaration of dividends (both interim/final);
- (iii). issue of shares by way of public rights, bonus, etc.;
- (iv). any major expansion plans or execution of new projects;
- (v). amalgamation, mergers and takeovers;
- (vi). disposal of the whole or substantially the whole of the undertaking;
- (vii). such other information as may affect the earning of the company;
- (viii). Any changes in policies, plans or operations of the company.

PROHIBITION ON DEALING, COMMUNICATING OR COUNSELING

Prohibition on dealing, communicating or counseling on matters relating to insider trading.

- (i). either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange on the basis of any unpublished price sensitive information; or
- (ii). communicate any unpublished price sensitive information to any person, with or without his request for such information, except as required in the ordinary course of business or under any law; or
- (iii). counsel or procure any other person to deal in securities of any company on the basis of unpublished price sensitive information.

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Violation of provisions relating to insider trading.

Any insider who deals in securities or communicates any information or counsels any person dealing in securities in contravention of the provisions of regulation 3 shall be guilty of insider trading.

Obligation of insider on investigation by the Board

- (i). It shall be the duty of every insider, who is being investigated, to produce to the investigating authority such books, accounts and other documents in his custody or control and furnish the authority with the statements and information relating to the transactions in securities market within such time as the said authority may require.
- (ii). The insider shall allow the investigating authority to have reasonable access to the premises occupied by such insider and also extend reasonable facility for examining any books, records, documents and computer data in the possession of the stock-broker or any other person and also provide copies of documents or other materials which, in the opinion of the investigating authority are relevant.
- (iii). The investigating authority, in the course of investigation, shall be entitled to examine or record statements of any member, director, partner, proprietor and employee of the insider.
- (iv). It shall be the duty of every director, proprietor, partner, officer and employee of the insider to give to the investigating authority all assistance in connection with the investigation, which the insider may be reasonable expected to give.

Directions by the Board

On receipt of the explanation, if any, from the insider under sub-regulation (2) of regulation 9, the Board may without prejudice to its right to initiate criminal prosecution under section 24 of the Act, give such directions to protect the interest of investors and in the interest of the securities market and for due compliance with the provisions of the Act, rules made thereunder and these regulations, as it deems fit for all or any of the following purposes, namely:

- a) directing the insider not to deal in securities in any particular manner;

- b) prohibiting the insider from disposing of any of the securities acquired in violation of these regulations ;
- c) restraining the insider to communicate or counsel any person to deal in securities.

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